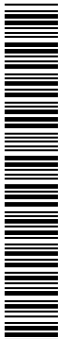


**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 2179
OFFERED BY MR. BAKER**

After section 8 insert the following new section (and
redesignate the succeeding sections accordingly):

1 SEC. 9. ADVISORY FEE COMPARISON OF MUTUAL FUND
2 SHAREHOLDERS AND INSTITUTIONAL INVES-
3 TORS.

4 (a) COMPARATIVE ANALYSIS OF ADVISORY FEES.—
5 Not later than 270 days after the date of enactment of
6 this Act, the Securities and Exchange Commission shall
7 prescribe regulations to require, consistent with the pro-
8 tection of investors and the public interest, improved dis-
9 closure with respect to an open-end management invest-
10 ment company, in an appropriate disclosure document, a
11 comparative analysis of the advisory fees assessed to an
12 open-end management investment company by an invest-
13 ment adviser and advisory fees assessed to institutional
14 investors for similar services by the same investment ad-
15 viser or affiliate thereof (or both), if such fees assessed
16 to an open-end management company are higher than
17 such fees assessed to institutional investors for similar



1 services by the same investment adviser or affiliate there-
2 of.

3 (b) DEFINITIONS.—For purposes of this section—

4 (1) a disclosure shall not be considered to be
5 made in an appropriate disclosure document if the
6 disclosure is made exclusively in a prospectus or
7 statement of additional information, or both such
8 documents;

9 (2) the term ‘advisory fees’ means fees paid to
10 an investment adviser purely with respect to its core
11 portfolio management services (whether such serv-
12 ices are performed directly by the investment adviser
13 or through others (or both)), and excluding any fees
14 paid for ancillary administrative, shareholder ac-
15 counting, and transfer agency services;

16 (3) the term ‘institutional investor’ means pen-
17 sion funds, endowments, foundations, and any other
18 category of investor the Commission deems appro-
19 priate to include in the rules prescribed under sub-
20 section (a); and

21 (4) the term ‘similar services’ means services
22 provided with respect to portfolio management of a
23 similar portfolio having an identical or substantially
24 similar investment objective as that managed for an
25 open-end management investment company, exclud-



1 ing any ancillary administrative, shareholder ac-
2 counting, and transfer agency services.

